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Instone Real Estate intends to float on Frankfurt Stock Exchange

- Instone is a leading nationwide residential real estate developer in Germany's key metropolitan regions with a scalable platform and more than 26 years of experience in developing residential projects in inner city locations.
- Instone's project portfolio comprises 48 development projects with an aggregate expected sales volume of approx. EUR 3.4 billion. Instone has secured purchase contracts with regard to 64 percent of the residential units it has targeted for completion by 2020 and benefits from the favourable German regulatory framework (MaBV).
- Instone management have further identified potential land plot acquisition opportunities for projects with over EUR 13.0 billion of potential sales volume in its target metropolitan regions.
- Instone intends to list its shares on the regulated market of the Frankfurt Stock Exchange (Prime Standard) in order to raise its profile and accelerate its future growth. Approximately two thirds of the expected primary proceeds from the placement of new shares out of a capital increase will be used for the acquisition and development of new residential projects.

Essen, January 22, 2018. Instone Real Estate Group B.V. (the "Company" and, together with its subsidiaries, "Instone"), a leading nationwide residential real estate developer in Germany's key metropolitan regions, intends to list its shares on the regulated market of the Frankfurt Stock Exchange (Prime Standard) in 2018.

The planned private placement will consist of newly issued shares from a capital increase with total gross proceeds for the Company of approximately EUR 150 million as well as of existing shares from the holdings of the current shareholders, funds established by ActivumSG Capital Management Limited ("ASG") (together with the newly issued shares, "base shares"). The final size of this placement has yet to be determined. Additional shares to cover an over-allotment option of up to 15 percent of the base shares will also be made available by the existing shareholders.

Instone intends to use approximately two thirds of the expected gross proceeds from the placement of new shares for the acquisition and development of new residential projects, as well as for other corporate and transaction expenses. This will accelerate Instone's future growth by increasing the project portfolio with new land plot acquisitions. Approximately one third of the gross proceeds will be used to fully repay an existing shareholder loan.

Kruno Crepulja, CEO of Instone: "Thanks to our unique development pipeline and proven continuous sourcing capabilities, we are well positioned to further benefit from the strong



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potential of the attractive German residential property market. The proceeds from the capital increase will expand our flexibility to accelerate our growth.”

Leading nationwide residential developer in Germany

Headquartered in Essen, Instone focuses on the development of modern, urban, multi-family, residential buildings as well as on refurbishment projects across Germany's most attractive key metropolitan regions and selected prospering medium-sized cities. Instone is able to target a broad range of price points around its core mid-market price segment, with projects tailored to local demand. Instone's development projects typically comprise more than 120 units with an average sale price per unit of around EUR 400,000. Instone and its predecessor companies have successfully developed and marketed more than one million square metres of residential space in Germany since 1991 and delivered close to 1,000 units p.a. over the period 2014 to 2016.

Instone's low-risk business model is capital efficient and generates attractive margins, cash, and returns. Germany's favourable regulatory framework (German Real Estate and Commercial Contractor Regulation (*Makler- und Bauträgerverordnung* "MaBV")) in particular enables Instone to contractually agree on fixed installments from customers based on construction milestones. This substantially reduces the development risk and leads to an attractive cash flow profile.

The only listed nationwide residential developer with the ability to achieve further scale gains

With the successful completion of the listing, Instone will become the only listed fully integrated residential real estate developer active in all key metropolitan regions in Germany, having control over the entire development value chain and a diligent and rigorous risk management.

The Company established a leading nationwide platform with the ability to achieve further scale gains and capture the exceptional market growth in key metropolitan regions in Germany. Also, it benefits from a deep nationwide sourcing network with regional expertise and excellent access to land plots and projects. Furthermore, Instone has a strong in-house competence as well as an entrepreneurial top and regional management team with combined 170 years of experience in real estate development.

EUR 3.4 billion project portfolio – setting the foundation for strong, predictable and structural growth

Instone's highly attractive and well-located existing project portfolio is well-balanced across regions, sizes and development stages. All project sites are located in key metropolitan regions in Germany and more than one-third of the project portfolio by expected sales volume is based in the fast-growing Frankfurt market. As of September 30, 2017, this highly derisked project portfolio consisted of 48 projects with more than 8,000 units and an estimated total sales



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volume of EUR 3.4 billion with sales agreed for 64 percent of the residential units planned to be completed by 2020. In the medium-term, Instone expects to deliver more than 2,000 units with a target annual sales volume of between EUR 900 million to EUR 1,000 million and an average gross margin of around 25 percent without factoring any house price growth (respectively 29 percent before sales commissions).

The market value of Instone's project portfolio was independently appraised by BNP PARIBAS Real Estate to EUR 868 million as of September 30, 2017. This excludes projects that have an aggregate expected sales volume of EUR 409 million.

Moreover, Instone has identified and actively tracks over EUR 13.0 billion of acquisition opportunities for highly attractive land plots potentially available in the near to long-term (in potential future sales volumes). Instone refrains from investing in land for which it does not expect zoning permission and building permit in the near future (no speculative land banking).

Unique demand situation in Germany's key metropolitan regions will foster profitable growth

In Germany's residential real estate market – Europe's largest real-estate market – strong growth is expected, especially in Germany's key metropolitan regions. The market has steadily grown since 2000 and has still substantial pent-up demand remaining. Furthermore, Instone's growth is benefitting from a structural unmatched housing demand in these metropolitan regions of approximately 90,000 units until 2020. This positive development is further fuelled by urbanization and population growth in Instone's target markets. Simultaneously, housing affordability in Germany remains attractive despite a recent price increase compared to other European countries and capital cities. With its clear strategy to source and successfully execute highly profitable residential development projects in Germany's key metropolitan regions, Instone expects to further benefit from these trends over the long-term.

Credit Suisse and Deutsche Bank are acting as Joint Global Coordinators, and together with BNP PARIBAS, Morgan Stanley and UniCredit Bank as Joint Bookrunners. Lilja & Co acts as financial advisor to Instone and ActivumSG.



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About Instone

Instone is a leading nationwide residential real estate developer in Germany. Instone develops modern, urban, multi-family, residential properties and redevelops monument-protected buildings for residential use. Instone develops and sells residential units to owner-occupiers, private buy-to-let and institutional investors, and has developed more than one million square meters over 26 years. The Company has a workforce of around 240 employees at eight locations around Germany. As of September 30, 2017, Instone's project portfolio comprises 48 development projects with an aggregate expected sales volume of approx. EUR 3.4 billion and more than 8,000 units. The Instone brand was created through the combination of formart GmbH & Co. KG and GRK-Holding GmbH in 2017.



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